

## **Subordinate Legislation Act 1994**

### **NOTICE OF DECISION**

#### **Mineral Resources (Sustainable Development) (Mineral Industries) Regulations 2019**

I, Jaclyn Symes, Minister responsible for administering the **Mineral Resources (Sustainable Development) Act 1990** (“the Act”), give notice under section 12 of the **Subordinate Legislation Act 1994** (“SLA”) that further to public consultation on a Regulatory Impact Statement (RIS), I have decided to recommend the making of the **Mineral Resources (Sustainable Development) (Mineral Industries) Amendment Regulations 2019** (“proposed Regulations”) which amend the **Mineral Resources (Sustainable Development) (Mineral Industries) Regulations 2019** (“the principal regulations”), to provide for the payment of royalties for gold produced under a mining licence in Victoria, effective 1 January 2020.

The RIS was open to public consultation from 27 September 2019 to 21 October 2019, and 14 submissions were received. After consideration of these submissions in accordance with section 11 of the SLA, the consultation draft of the Mineral Resources (Sustainable Development) (Mineral Industries) Amendment Regulations 2019 shall be prescribed without amendment. No further changes to the consultation draft Regulations are recommended because the changes proposed in submissions are not compatible with the state’s existing royalty regime or announced policy objectives.

The response to submissions is as follows:

1. Royalty rate – Submissions proposed both higher and lower royalty rates than the 2.75 per cent royalty rate allowed for in the Amendment Regulations. Response: because the implementation of the gold royalty involves the removal of an existing exemption, royalty rates inconsistent with the general royalty rate for all other minerals (2.75 per cent, except brown coal) are not feasible.
2. Exploration offset – Submissions suggested incorporating an exploration offset to mitigate potential impacts on investment and exploration. Response: gold exploration expenditure in Victoria is currently at relatively high levels and is likely to remain strong following the North Central Victorian Goldfields Ground Release tender. Allowing for exploration expenditure to be offset against a producer’s gold royalty liability would also introduce inconsistencies into the state’s mineral royalty regime, as no other mineral has an offset.

3. Thresholds and exemption periods – Submissions recommended a variety of different production thresholds, tiered royalty rates and lower rates for new mines. Response: Determining an appropriate threshold requires balancing the objective to return a fair share of the resource to the community, with ensuring that small producers are not subject to unnecessary regulatory burden. At current production levels and low-production threshold as allowed for in the Amendment Regulations, only four of the state’s 18 gold mining licences are liable for royalty payments.
4. Transition – Submissions proposed a staged implementation of the royalty, including a 12-month delay of implementation to allow further consultation. Response: the full 2,500 ounce low-production threshold has been provided for the six-month period from 1 January 2020. Any delay from the government’s publicly announced plan would create significant uncertainty in the market and may have adverse impacts on the industry.
5. Gold price floor – Submissions proposed a gold price floor to protect producers in the event of extremely low pricing environments. Response: the resources required to ensure the gold price floor mechanism is operating efficiently would be disproportionate to the scale of Victoria’s minerals industry.

Dated: 28/11/19

Jaclyn Symes MP

**Minister for Resources**